

## **CHAPTER VI ORDERING AND RECEIPT OF USDA COMMODITIES**

### **SECTION 1 - USDA COMMODITY ORDERING PROCEDURES**

#### **6100 DESIGNATION OF A DESTINATION FOR DELIVERY OF USDA COMMODITIES**

The ITO/State agency must order USDA commodities on a monthly, bi-monthly, or quarterly basis for shipment to a destination(s) designated by the ITO/State agency with the assistance of the appropriate FNS Regional Office. The destination(s) must be selected prior to ordering any commodities and will remain in effect until formally changed or deleted by the ITO/State agency.

##### **6101 Selection Criteria**

Selection of a destination for commodity shipments must be based on the following factors:

- A. Adequacy of available storage facilities, including dry, cool and/or freezer capabilities;
- B. Accessibility to local distribution warehouse(s) in the service area;
- C. Minimization of shipping costs to USDA; and
- D. Ability to accept deliveries.

##### **6102 Notification of Destination Selection**

The ITO/State agency must notify the appropriate FNS Regional Office of its destination selection(s) using Form FNS-7, Destination Data for Delivery of Donated Foods (see Exhibit N, attached). An "entity" code (item 4) will be assigned by the USDA Farm Service Agency's (FSA) Kansas City Commodity Office. The entity code and destination city (item 2) must be entered on all orders which are to be shipped to the specified destination. Changes to any of the information on Form FNS-7 must be reported immediately to the appropriate FNS Regional Office. The ITO/State agency must maintain the current Form FNS-7 in its files.

#### **6110 ESTIMATING USDA COMMODITY NEEDS**

The ITO/State agency must base the kinds and amounts of commodity orders on the following factors:

##### **A. Participation**

1. Initial start-up participation data will be obtained by averaging Food Stamp Program participation for the 3 months prior to the month in which the order is placed; and

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2. After the program is operative, participation data will be obtained by averaging Food Distribution Program participation for the first 2 months of the quarter in which the order is being placed.
- B. Maintenance of a supply of available commodities sufficient for up to 3 month's distribution for each food group. Local agencies must maintain a minimum of 1.5 month's supply of available commodities for each food group. (Note: ITOs/State agencies participating in commodity ordering/distribution pilot programs may be advised to maintain a different level of commodities for each food group.)
- C. Distribution rates as stated in the Food Distribution Program on Indian Reservations - Monthly Distribution Guide Rate by Household Size (see Exhibit O, attached).
- D. Household preferences for the various foods offered in the food package.
1. Prior to implementation, the ITO/State agency must survey potential households to determine which varieties of commodities they would prefer to receive. To the maximum extent possible, commodity orders will be placed in accordance with the results of the survey. It is important to explain to the potential households that all of their commodity selections may not be available for distribution because of procurement, shipping, storage, and other related problems.
  2. After the Food Distribution Program has been implemented, food preferences may be obtained by the following methods:
    - a. During distribution, households may be interviewed by the distribution clerk, or other program personnel, to determine which varieties of commodities they prefer, and which foods they would like to see distributed in the future.
    - b. During distribution, a preprinted paper may be given to the households listing the varieties of foods that may be available for distribution the following month. The preprinted paper should also contain maximum amounts of food authorized by family size. Households may fill in the types and amounts of food they would prefer to receive at the next distribution.
  3. After the program has been in operation for a few months, the refusal and acceptance of each commodity should be analyzed to determine which commodities are the most and least preferred by the household.
- E. The amount of inventory in the ITOs/State agency's storage for each commodity item.

**6120 ORDERING USDA COMMODITIES****6121 Submission of Food Orders**

The ITO/State agency must submit food orders of the amounts of commodities needed to the appropriate FNS Regional Office prior to the period in which they will be received. The Regional Office will inform the ITOs/State agencies when the orders are due. If a commodity ordered is not available, the Regional Office will coordinate alternative ordering options/substitutions with the ITO/State agency.

**6122 Ordering Options**

- A. Direct Shipment. A shipment consisting of a full truckload of a single commodity to be delivered directly from a vendor or USDA storage facility to an ITO/State agency.

Full truckloads may be split between two or three destinations within a reasonable distance.

It is recommended that ITOs/State agencies order direct shipments when:

1. Sufficient storage space is available for supplying a full food package; and
2. Inventories relative to participation do not exceed a 3-month supply for each food group (see subparagraph 7431, below).

- B. Multi-Food Shipment. A shipment consisting of a combination of three or more commodities, which together total a truckload. The orders are filled from Federal inventory, and are consolidated to be shipped as one unit.

ITOs/State agencies should utilize the multi-food ordering option when:

1. Storage space is limited; or
2. When only partial quantities of individual foods are needed.

**6130 FOOD REQUISITION**

The ITO/State agency must order each commodity individually on a Form FNS-52, Food Requisition (see Exhibit Q, attached) or FNS-53, Multi-Food Requisition (see Exhibit Q-1, attached). ITOs/State agencies may submit electronic versions of Forms FNS-52 and FNS-53.

- A. Form FNS-52, Food Requisition. This form is used by the ITO/State agency to request USDA commodities individually, and furnish shipping instructions to USDA;
- B. Form FNS-53, Multi-Food Requisition. This form is used by the ITO/State agency to request multi-food shipments from USDA leased storage facilities, and furnish shipping instructions to USDA.

**6140 CANCELLATION OF ORDERS**

If the ITO/State agency determines that it has ordered an excessive amount of a commodity that can not be effectively used in the program, it must immediately notify the appropriate FNS Regional Office by telephone to request cancellation of the order. Immediate notification permits USDA to cancel the order before it has been purchased from a vendor or delivered from storage. If USDA has already purchased the commodity, it can divert the product to another ITO/State agency that can effectively use the food. If the cancelled order is a multi-food order, the product can remain in storage. Written notification must be submitted to the appropriate FNS Regional Office to cancel food orders.

**6150 REDONATION OF EXCESS INVENTORY**

If an ITO/State agency has commodities in inventory that it can not effectively use in the program it must immediately contact the appropriate FNS Regional Office to arrange a redonation. Upon FNS' request, the ITO/State agency must ensure that the commodity is inspected to determine if the product is fit for human consumption.

**6151 Assumption of Redonation Costs**

The ITO/State agency will assume all transportation and related costs (including inspection) if it can not satisfactorily demonstrate that the need for the redonation did not result from fault or negligence on its part. If the need for redonation is not the fault of the ITO/State agency or due to negligence on its part, USDA will assume all appropriate costs for the redonation.

**6152 At FNS' Request**

Whenever a redonation of USDA commodities is made at the request of FNS, USDA will have the commodities inspected and pay all appropriate transportation and related costs (unless the redonation is necessary to prevent loss through fault or negligence on the part of the ITO/State agency).

**6160 TRANSFER OF BONUS COMMODITIES**

Bonus commodities (i.e., commodities purchased with funds authorized by Section 32 of Public Law 74-320 that are not provided as part of the approved food package) may be transferred from an ITO/State agency Food Distribution Program to a food bank or other entity eligible to receive Section 32 bonus foods. Prior FNS approval is not required for the transfer.

**6170 COMMODITY ORDERING PROCEDURES FOR A LOCAL AGENCY**

The ITO/State agency must provide the local agency with instructions and forms on making estimates of commodity needs and ordering. The shipment periods may vary from 1 to 3 months depending on the ITO's/State agency's warehouse and transportation facilities. Therefore, the inventory in storage requirements may vary. For example, if the ITO/State agency ships the commodities on a monthly basis, at least a 1 and 1.5 month supply per food group should be maintained at the local agency. If shipments are to be made every 3 months, a 3.5 month supply should be maintained at the local agency.

Regardless of the system the ITO/State agency employs, the local agency must base commodity estimates and orders on the following factors:

- A. Participation data;
- B. Inventory in storage;
- C. Distribution rates as stated in the Food Distribution Program on Indian Reservations - Monthly Distribution Guide Rate by Household Size (see Exhibit O);
- D. History of local food preferences; and
- E. Local storage capacity and conditions.

**SECTION 2 - USDA COMMODITY RECEIPT PROCEDURES****6200 GENERAL**

- A. When direct shipments of commodities are shipped by the vendor or transported from Federal storage, FSA's Kansas City Commodity Office will provide written notification to the ITO/State agency via the KC-269(A), Forwarding Notice (see paragraph 6217, below, and Exhibit T, attached), which provides the following information:
1. The delivery order, contract/warehouse code, and notice to deliver numbers;
  2. The origin and destination of the shipment;
  3. The commodity, pack size, and quantity; and
  4. The delivery period.
- B. For multi-food shipment orders, written notification is provided via the PPCR71, Multi-Food Consignee Report (see paragraph 6218, below). In addition to the above information, this report also includes a consolidation number for identifying the shipment.

**6210 ITO/STATE AGENCY RESPONSIBILITIES**

Within 24 hours of the day the commodities are scheduled to arrive at the destination, the carrier must notify the ITO/State agency by telephone or datafax. It is the ITO's/State agency's responsibility to ensure that the truck is inspected and unloaded within a reasonable time in order to avoid demurrage charges. In addition, if a part of the shipment is intended for another destination, it is the ITO's/State agency's or consignee's responsibility to ensure that the load is properly leveled and braced prior to its departure for the next stop.

**6211 Shipment Inspection Procedures**

The ITO/State agency or consignee must examine all shipments, prior to accepting or unloading the commodities, to determine the following:

- A. If temperatures for refrigerated and frozen products are adequate to assure that the commodities are in good condition;
- B. If there is damage to canned goods, such as dented, bulging, discolored, or disfigured cases or cans, which might indicate spoilage or deterioration;
- C. If dry commodities, such as nonfat dry milk, flour, and other grain products, show signs of insect or rodent infestation;
- D. If there is a shortage or overage in the shipment; and
- E. If seals are intact or broken when the shipment is the first of several stops to be made by the carrier.

**6212 Over, Short, or Damaged Shipments**

When a shipment is received and found to be over or short in quantity or containing damaged commodities the ITO/State agency must notify the delivering carrier immediately. All overages, shortages, and damages must be documented on the delivery receipt prior to signature by the ITO's/State agency's representative.

If the damages are extensive, the ITO/State agency must immediately contact the appropriate Regional Office and/or FSA's Kansas City Commodity Office (see paragraph 6213, below). The ITO/State agency must not refuse the shipment without prior approval from the appropriate FNS Regional Office and FSA's Kansas City Commodity Office.

The ITO/State agency must also prepare Form FNS-57, Report of Shipment Received Over, Short and/or Damaged (See Exhibit S, attached), and forward it to FSA's Kansas City Commodity Office. Form FNS-57 will not be accepted as a valid claim if the signed delivery receipt does not document the reported overages, shortages, and/or damaged products.

**6213 Receipt of Out-of-Condition Commodities**

When a shipment is received in which all or a major part of the commodity appears to be unfit for human consumption, the ITO/State agency must immediately notify the appropriate FNS Regional Office and/or FSA's Kansas City Commodity Office (see paragraph 6212, above). It may be appropriate to refuse the shipment; however, this action must not be taken without prior consent of the appropriate FNS Regional Office and FSA's Kansas City Commodity Office.

**6214 Notification of Out-of-Condition Shipment of USDA Commodity**

When reporting the shipment of out-of-condition commodities, the ITO/State agency must provide the information listed below to the appropriate FNS Regional Office and/or FSA's Kansas City Commodity Office by telephone and in writing. ITOs/State agencies are encouraged to also submit photographs of the commodities that are out-of-condition.

- A. Name of the USDA commodity;
- B. Delivery order number;
- C. Date the shipment was received;
- D. Date of discovery;
- E. Description of the condition of the commodity;
- F. Location of the commodity;
- G. Name of the person having custody of the commodity;
- H. Quantity that is in questionable condition; and
- I. Protection given the commodity after receipt.

**6215 Salvage of USDA Commodities**

If some of the commodities in a damaged shipment are salvageable, it is the ITO's/State agency's responsibility to save as much of the commodity as practicable. Out-of-pocket expenses, such as labor or packaging costs, incurred by the ITO/State agency or by the local consignee during a salvage operation are reimbursable by USDA.

**6216 USDA Commodities with Latent Defects**

- A. How to Report Commodity Complaints. Commodities that are found to be defective after they are received at the ITO/State agency warehouse, or after they have been issued to a household, should be reported to FNS as soon as the problem is detected. Commodity complaints may be reported to FNS in any of the following ways:
1. Commodity Complaint Hotline at 1-800-446-6991;
  2. Data fax at 1-703-305-1410; or
  3. Email at [commoditycomplaints@fns.usda.gov](mailto:commoditycomplaints@fns.usda.gov).
- B. Complaint Information Needed. The following information is needed to resolve commodity problems with the vendors. ITOs/State agencies are encouraged to also submit photographs of the defects.
1. Delivery order number;
  2. Notice to Deliver Number;
  3. Contract Number (5 digit number on the case);
  4. Name and address of the ITO or State agency;
  5. Contact person's name, phone number, and email address;
  6. Commodity name and commodity code;
  7. Description of the problem and quantity of the product affected;
  8. Date product was received by the ITO or State agency; and
  9. How the ITO or State agency would like the problem resolved (e.g., replacement).
- C. Commodities that Go Out-of-Condition While in Storage by the ITO/State agency. The ITO/State agency should make every effort to maintain proper inventory levels and issue commodities in a timely manner to avoid commodities going out-of-condition (see paragraphs 7430, 7431 and 7432, below). The ITO/State agency must contact the appropriate FNS Regional Office if it has commodities that are expected to go out-of-date before they can be effectively used in the program (see paragraph 6150, above, on redonations). Out-of-condition commodities must not be disposed of or destroyed unless they create a hazard for other commodities stored nearby; however, they should be

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segregated from other foods immediately. If immediate disposal is necessary, the ITO/State agency must request permission from the appropriate FNS Regional Office by telephone. The quantity of the commodity and the manner in which it was disposed must be included in the ITO's/State agency's report to the appropriate FNS Regional Office.

**6217 Form KC-269(A), Forwarding Notice, as a Consignee Receipt**

Form KC-269(A), Forwarding Notice, provides advance notice of the quantities of donated food ordered for shipment by FSA's Kansas City Commodity Office for the order(s) shown. (See Exhibit T, attached.) The notice usually includes the mode of transportation. The Report of Cargo Over, Short, and/or Damage (on the reverse side of Form KC-269(A)) must be completed by the ITO/State agency when there is an overage, shortage or damage to the shipment.

Two copies for each order shown on Form KC-269(A) will be sent to the ITO/State agency. When an over, short or damaged shipment is received, Section III, the Distributing Agency Consignee Receipt, is to be completed, and a copy returned to FSA's Kansas City Commodity Office accompanied, when necessary, by Form FNS-57 (Over, Short, and Damaged Report) and other supporting documentation. A copy of this form does not need to be provided to the appropriate FNS Regional Office.

**6218 Form PPCR71 - Multi-Food Consignee Receipt**

Form PPCR71, Multi-Food Consignee Receipt, eliminates paperwork relative to shipments of mixed donated commodities. It lists the names of foods and quantities requested for shipment under the designated consolidation number. Any shipment in which there was a shortage, overage, or damage must be reported on Form FNS-57 (Over, Short, and Damaged Report) and provided to FSA's Kansas City Commodity Office.

Consignee receipts are no longer required to be submitted back to FSA's Kansas City Commodity Office on shipments that have no overages, shortages, and/or damaged product.

**6220 LOCAL AGENCY RESPONSIBILITIES**

The ITO/State agency must notify the local agency when commodities are to be delivered and in what quantities. The local agency must be prepared to accept and store the commodities and must inspect and count them, as they are unloaded. The ITO/State agency must provide the local agency with forms for the receipt of the commodities, and for reporting any overages, shortages, or damage.